

**Unitarian Universalist Church of Berkeley**  
**Board of Trustees Meeting Agenda**  
**Wednesday, November 2, 2022**

**Via Zoom:** <https://zoom.us/j/91070175965?pwd=d2FUcWZCQjYzVEF2MFZabWJQOVRRrUT09>

**6:00 PM EXECUTIVE SESSION**

**7:00 1. CALL TO ORDER & OPENING RITUALS**

- a. Chalice reading & lighting - Selene
- b. Board Covenant reading - Cordell
- c. Land Acknowledgement Statement – Randall
- d. Widening the Circle Statement - Elaine

**7:10 2. CONSENT AGENDA – Items may be approved in one motion unless a Board member requests an item be removed for question or placement under discussion/action**

- a. Approve agenda
- b. Approve Board Meeting minutes of October 5 and 21, 2022
- c. Accept monthly Executive Director report
- d. Accept monthly Treasurer’s report
- e. Approve Finance Committee recommendation for Board Governance Manual provisions on authorized account signatories

**7:15 3. MINISTER’S REPORT**

- a. Update on status of guidance from Sonoma County on use of Freestone property

**7:25 4. ANNOUNCEMENTS/LISTENING**

- a. Board or staff announcements, Board Listening Presence  
Announce *Still We Rise* Dedication of new Black Lives banner, Sun, 11/6, 12:30
- b. Congregants who wish to speak to the Board on agenda items or other matters.

**7:35 6. DISCUSSION/ACTION ITEMS**

- a. Acceptance of Fiscal Year 2020-21 Financial Report and Audit.

- b. Ministerial Search Committee: Update on the MSC’s process and progress, report on its findings and discernment to-date to inform Board direction on ministry type and search route - in light of late November submittal date for settled minister search through the UUA, and mutual expectations on communication with congregation.

**8:35 Break**

- c. Cope Ministerial Housing Fund: Guidance for its use for UUCB’s next minister

**9:15 7. BOARD COMMITTEE MEMBER/LIAISON REPORTS**

**9:25 8. CLOSING COMMENTS**

**9:30 9. ADJOURNMENT**

November Beacon (due October 15): **Elaine**

November Listening Presence: **Elaine**

December Listening Presence: **Dave**

## **Aspirational Covenant of the UUCB Board of Trustees**

Approved September 2019, updated May 2020

We as the UUCB Board of Trustees agree:

- To stay committed to connection even when we disagree;
- To recognize the fullness of our power, and the many responsibilities that power entails;
- To listen actively to each other and the congregation, and to seek out opportunities to do so;
- To be caring, respectful, present and open-minded;
- To work together to make the changes the congregation needs, as we keep the best interests of the congregation above our own and to live into our mission;
- To support and trust each other in our work;
- To remember the goal of our work is to build a thriving, loving congregation;
- To be unafraid in the face of hard decisions, to be unafraid of making mistakes, knowing that we will learn from them if we do, and to be unafraid of challenging sacred cows; and
- To come to decisions we all feel we can support while recognizing diverse views.

### **Land Acknowledgement Statement**

As we begin, we want to acknowledge that this church occupies land in Huchiun, the unceded territory of the Chochenyo-speaking Ohlone people. We understand that we continue to benefit from the seizure and occupation of this land. We acknowledge and embrace our responsibility to take restorative action. We affirm that this is deeply felt and commit our congregation to be in right relationship with Indigenous communities, aligning in solidarity, supporting Indigenous projects, and caring properly for the land.

### **Widening the Circle Vision Statement**

We, the trustees of UUCB, commit ourselves to championing racial justice embodying anti-racist practices, and confronting and dismantling white supremacy culture and all forms of oppression (including but not limited to racism, sexism, ableism, homophobia, transphobia, classism, ageism, xenophobia and religious oppression (including anti-Semitism and Islamophobia) in everything we do.

### **Mission Statement of the Unitarian Universalist Church of Berkeley**

The mission of the Unitarian Universalist Church of Berkeley is to create loving community, inspire spiritual growth, and encourage lives of integrity, joy and service.

### **Vision Statement of the Unitarian Universalist Church of Berkeley**

The Unitarian Universalist Church of Berkeley is a welcoming and vibrant congregation. We joyously support spiritual development guided by individual faith, reason, and conscience. We are committed to serving one another, the church community, the community at large, and the global community. We foster a spirit of generosity and trust that encourages care for our church home and affirms diversity and relationships consistent with Unitarian Universalist principles.

**Unitarian Universalist Church of Berkeley Board of Trustees Meeting  
Wednesday October 5, 2022**

**Meeting Conducted via Zoom Video Conference**

**Minutes – Draft**

**ATTENDEES**

Voting members: Michael Armstrong, Bill Brown, Pier Ho, Randall Hudson, Elaine Miller, Beth Pollard, David Roberts, Cordell Sloan, Helen Tinsley-Jones

Absent: None

Ex officio members: Rev. Michelle Collins, Tess O'Riva (Executive Director), Selene Fabiano (Secretary), Lenore Ralston (Treasurer)

Visitors: Cynthia Asproditis, Barbara & Patrick Cullinane, Michael DeWitt, Lynn Hammond, Ann Harlow, Sheldon Jones, Albert Kueffner, David Lingenfelter, Fran Moulton, Larry Nagel, David & Melissa Rosales, Dick Sherman, Marta Tobey, Helen Toy, Grace Ulp

A quorum being present, the meeting was called to order by Beth Pollard, president, at 7:03 p.m. Pier did the chalice lighting and reading, Lenore read the Board covenant, Dave Roberts read the land acknowledgement, and Selene read the Widening the Circle Vision Statement.

**CONSENT AGENDA**

**A motion for the following (M\_Pier\_/S\_Michael\_) passed unanimously:**

- Approve agenda
- Approve Board Meeting minutes of 9-7-22
- Accept monthly Executive Director report, acknowledging receipt of draft report on Audit of Fiscal Year 20-21 and Executive Director summary for Board review, discussion and acceptance at its November 2 meeting
- Accept monthly Treasurer's report

**INFORMATION ITEM**

**Minister's Report:** Rev Michelle reported that UUCB responded to the destruction of our Black Lives Matters sign in a thoughtful, strong way. She thanked Helen Tinsley-Jones and others for leading the effort on this. A rededication of the BLM sign is scheduled for Sunday 11/6.

Rev. Michelle also reported that as part of the UU Trauma Response Ministry, she led 4 trauma circles this week. Mark your calendar for 11/5/22 “Beyond Categorical Thinking” workshop 9A– 12PM. This workshop, led by the UUA Transitions team, promotes inclusive thinking and helps prevent discriminatory bias in the ministerial search process.

## ANNOUNCEMENTS/LISTENING

### A. Announcements/

- a. Michael Armstrong reported that Heaven Walker is doing a great job. Religious Education and OWL classes have started. Average attendance for the K-5 RE has been 8-10 children.
- b. Helen Tinsley-Jones reported on UUCB’s action response to destruction of our *Black Lives Matter* sign at the intersection of Moeser and Craft. In place of the single BLM sign that was destroyed, there is now a field of signs, many of which are handmade. UUCB is encouraging people to continue to place their BLM signs at this location. A statement of conscience and call to action was written by Beth Pollard on behalf of the board and signed by the Social Justice Council and HIP, has been sent . This statement will be sent out as a press release to various media groups and will be posted on the neighborhood website. A rededication ceremony is planned for November 6th. Helen wants to involve Family Ministry in this dedication.

### B. Congregants who wish to speak to the Board on agenda items or other matters.

- a. Sheldon Jones announced Good Neighbor donation nominations are open. Nominations can be made on the UUCB website and at the SJ table in the atrium before and after Sunday service. There are 11 spots open. Nominee must be a 501©3 organization located in either Alameda or Contra Costa County. Nominations close 11/11 and the [SJ](#) vote will be held on 11/30.
- b. Patrick Cullinane and Sheldon Jones encouraged congregants to get a flu shot and the Omicron booster if they haven’t already.

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## BOARD COMMITTEE MEMBER/LIAISON REPORTS

- a. **Ministerial Search Committee.** Helen reported that the MSC has received more than 125 responses to their survey and they are in the process of analyzing the results. Focus groups and cottage meetings continue. In response to board’s charge to them to explore options regarding a called or contract minister, the MSC is meeting to talk about how to get feedback from congregation regarding their wishes vis a vis a called or contract minister. Helen praised the committee for their high quality work. Such a high-quality team.

b. **Widening the Circle (WTC).** Elaine Miller reported that the WTC completed three sharing sessions this past quarter, engaging 8-10 congregants in each session on what WTC means to them. One insight from these sessions was the value in using UUCB communication channels (e.g. the Beacon, The Week Ahead, etc) to keep congregants apprised on how various programs are implementing the WTC recommendations.

c. **Music Committee** Elaine Miller reported that Bryan Baker has 3 fund-raisers planned between now and November.

#### **DISCUSSION/ACTION ITEMS:**

- a. **Approval of motion on the future of UUCBs Freestone property to present for congregational vote** at a special Congregational Meeting on Sunday, October 23, 2022.

Beth outlined the following process for this discussion:

- Rev. Michelle's presentation
- Questions from the BOT to Rev Michelle
- Comments from the Freestone Committee (5 minutes)
- Comments from other congregants (2 minutes/ congregant)
- Board discussion and deliberation

#### **Rev Michelle's presentation.**

Rev. Michelle reviewed the goals of this process especially highlighting the goal of developing a proposal that is acceptable to as many members of the congregation as possible, and that the issues are discussed in the spirit of UUCB's covenant and UU values.

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Reverend Michelle shared the current version of the proposed motion, noting that there were some difference in this version than the one sent out as part of the packet for tonight's meeting due to input from both the parliamentarian (Stephanie Ann Blythe) and from members of the Freestone committee.

#### **Questions from the BOT to Rev. Michelle**

**Q:** Where did the estimate of repair costs included in the motion come from and what does it include?

**A:** The estimate is from the Freestone Committee and includes estimates for Phase 1 work and driveway. The estimate is a range in which the lower end of the range includes substantial work being done by volunteers and the upper end estimate is if the work were done by contractors. These estimates were updated a few weeks ago.

#### **Comments from Freestone Committee**

Don Klose shared his appreciation for Rev. Michelle's work on the motion, and stated that he thought it was a good proposal. Recommendation for a time-phased plan that gives Freestone a

chance to work with clear milestones and clear indications if the church fails to make this plan succeed.

**Comments from other congregants, including: [List names here](#).**  
**Proposed Freestone Oversight Committee.** This is a congregational committee, not a Freestone committee, and as a result non-Freestone Committee members should constitute the majority of the oversight committee. There are differing opinions among FS committee members regarding whether FS should have a majority of members on the oversight committee

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**Impact on new minister if proposed motion passes.** Rev Michelle responded to this concern by acknowledging that Freestone is a complex issue and [sharing her hope to set up the](#) congregation with a defined path for it.

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**Meaning of a no vote and what percentage should be required for the motion to pass.** There were questions about the meaning of a “no” vote and a conclusion that the Board needs to be very clear with the congregation about this. A “no” vote would mean that the board is authorized to sell Freestone. There was some concern that the 50% plus one vote was too low a threshold for an outcome that could result in the sale of Freestone. On the other hand, this threshold provides a greater chance for “giving Freestone a chance” because it’s lower than a 2/3 vote requirement.

**Mission.** Many different definitions of what a mission constitutes.

**Establishing a separate 501(c)2 for Freestone.** This was taken out of the motion because it adds a lot more complexity and can be explored at a later time.

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### Board deliberation and discussion

- Important that the congregation understand the consequences of a “No” vote on this motion. This should be stated upfront.
- A “no” vote shouldn’t compel the Board to sell Freestone but it should authorize the Board to do so.
- Concerns and questions re what happens if there isn’t a quorum.
- Some concern that a 50% plus one vote (in the “no” direction) is too low a bar for sale of church property.
- Motion was crafted to give people every opportunity (including the low bar of 50% plus one vote) to vote to give Freestone a chance.

- Discomfort with having a “no” vote on the proposition allowing the sale of Freestone.
- Concern that a burden is being put on the people who are working to keep Freestone for UUCB.
- It might be helpful to have a quick summaries of the various perspectives regarding keeping/selling Freestone.

Randall moved: “We adopt motion as currently written”. Helen seconded.

Discussion:

Concern that if the motion does not pass there is no direction to the board to keep Freestone in good repair.

**The following amendment** was proposed: To put under 6.1: “In the event that it takes time to sell the property the BOT or designee will create a plan for maintaining and managing the property in the meantime.

**This amendment was accepted by mover & seconder. There were no objections to amendment.**

Further Discussion/Decisions

a. The BoT agreed to include the following language proposed by Freestone, in order to honor what the property has meant to many people in the church community:

*“ The Freestone property has been a source of great joy and challenges for the UUCB community, and the purpose of this motion is to resolve it in an amicable way, meeting the needs of our community.”*

b. Agreed to keep the language regarding the estimated deferred maintenance and capital improvement costs for our Kensington campus. Although there was some concern that this language might promote a “it’s either Freestone or Kensington” mindset, there was also the thinking since estimates for repairs/capital improvements for Freestone were being included, having the estimates for Kensington provides balanced and important information for members’ decision-making.

c. The Board decided to add language regarding UUCB’s mission (“creating loving community, inspiring spiritual growth, and encouraging lives of integrity, joy and service”) to the first item in the “Whereas” section of the motion.

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Beth summarized the discussion as follows:

1. The Board wants to let congregation know what will happen with a “no” vote
2. Board could take action up to including sale of the property
3. Board wants to keep its options open

d. The Freestone Committee requested that the word “supervised” in the phrase regarding oversight of the structural work on the Freestone dome be changed to “reviewed.” The Board chose the term “overseen” to provide greater flexibility.

**Pier moved** to approve Resolution No. 22-1 of UUCB on the future of the Freestone Property to be put forward at the 10/23 Congregational meeting (resolution is copied at the end of these minutes). **Motion: We adopt motion including that language with amendment 6.2, and language proposed by Freestone in the Whereas section between I & J.**

**Helen seconded. Dave opposed.**  
**Motion passed 8 to 1, no abstentions**

**Commented [Ma1]:** I don't know if I need to include these specific changes in this motion. Also, not sure how meaningful it will be given the reformatting of the final resolution

b. Logistical direction in preparation for Congregational Meeting.

Question re what to do if there is not a quorum at the congregational meeting.

**Pier made the following motion:** In an effort to receive votes from at least one-third (108) of the certified members (324) of UUCB, the Board hereby authorizes on-line voting (or by paper ballot for those without internet access or by request) on the final motion following the congregational meeting, up to 5 pm on Saturday, October 29, 2022, with measures taken to prevent duplicate voting.

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**Helen seconded.**

**The motion passed** with no abstentions or oppositions.

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**Summary of Board Motions for 10/5 meeting:** ¶

Approve Resolution No. 22-1 on the Future of the Freestone Property to present for congregational vote at a special congregational meeting scheduled for October 23, 2022. ¶

In an effort to receive votes from at least one-third (107) of the certified members (324) of UUCB, the Board hereby authorizes on-line voting (or by paper ballot for those without internet access or by request) on the final motion following the congregational meeting, up to 5 pm on Saturday, October 29, 2022, with measures taken to prevent duplicate voting. ¶

... ¶  
(ongoing results would be entirely confidential until the conclusion of the voting) ¶

If voting is extended, results will be announced in worship on Sunday October 30<sup>th</sup> and results sent out via email.

#### **CLOSING COMMENTS, APPRECIATIONS AND ADJOURNMENT**

Much appreciation to congregants who participated in this process, who attended tonight's meeting. Much appreciation to Reverend Michelle for her hard work and guidance throughout



this process. Thanks to Beth Pollard for her work on the motion and in facilitating tonight's meeting.

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### UPCOMING EVENTS AND BOARD RESPONSIBILITIES

October Listening Presence: Bill

November Listening Presence: Elaine

Respectfully submitted,

**Deleted:** November Beacon (due October 15): Cordell, Dave or Pier

**Deleted:** Next Board Meeting:

Selene Fabiano, Secretary

**Unitarian Universalist Church of Berkeley Board of Trustees Meeting  
Thursday October 20, 2022**

**Meeting Conducted via Zoom Video Conference**

**Minutes – Draft**

**Please note this board meeting was not the regular monthly board meeting but was called to discuss the idea of postponing the 10/23/22 Congregational Meeting and vote on the Freestone resolution.**

**ATTENDEES**

Voting members: Michael Armstrong, Bill Brown, Pier Ho, Randall Hudson, Elaine Miller, Beth Pollard, Cordell Sloan,

Absent: Dave Roberts, Helen Tinsley-Jones

Ex officio members: Rev. Michelle Collins, Tess O’Riva (Executive Director), Selene Fabiano (Secretary), Lenore Ralston (Treasurer)

Visitors: Barbara & Patrick Cullinane, Don Klose, David Lingenfelter, Jane Lundin, Anita Mermel, Fran Moulton, Larry Nagel, Melinda Rosales, Roberta Shaw, Dick Sherman, Marta Tobey, Dave Wemmer, Grace Ulp

A quorum being present, the meeting was called to order by Beth Pollard, president, at 5:33 p.m. Reverend Michelle did a chalice lighting and reading.

**INFORMATION:**

**Minister’s Report:** Rev Michelle reported on communications with Sonoma County Planning Department regarding authorized uses of Freestone. A few weeks ago this issue was assigned to a Senior Planner. Rev. Michelle and several members of the Freestone Committee met with the senior planner last week and provided information about Freestone. On 10/18, the planner reported that the planning department wanted to take their questions to Sonoma County Legal Counsel to get their input. The expectation is that it will be at least a few weeks before the Planner can speak with County Legal Counsel. Since getting this input from Sonoma County is so important to help the congregation make a decision about Freestone, Rev. Michelle is recommending that UUCB temporarily postpone the vote on Freestone.

Board Members asked these questions/made these comments related to this issue:

1. **What question are we trying to get answered from Sonoma County Planning Department?** What UUCB is allowed to do at Freestone given the zoning and the fact that UUCB is a non-profit religious organization, not an individual owner.

2. **What if the legal counsel's response is not conclusive? What if it takes longer than 2 weeks? How long do we postpone the vote?**

Rev. Michelle responded by saying that this was a good question and that there aren't easy answers. She had been very firm on sticking with the timeline but is recommending that we temporarily postpone the vote given the importance of the guidance from Sonoma County.

Beth stated that she hopes that the vote will be held in the next few months, noting the mutual expectation with Rev Michelle to have a decision made regarding Freestone during her interim ministry at UUCB. A postponement of no more than 90 days was proposed by a board member.

3. **Are there any other tasks that need to be done while waiting for the response from Sonoma County?** Tess reported that she is speaking with our insurance company to find out what the effect on our insurance would be if there is a liability issue at Freestone and UUCB is found to using the property outside the allowed uses (i.e. would this negate our insurance coverage)?

4. **Will there be more opportunities to watch the Tina Wallis interview?** The interview was seen as important and worth watching. Tess shared that Tina Wallis asked not to have the link to video shared and only agreed to being recorded if the interview was only shown at "watch parties" held by the church. Tess asked individuals who have not yet seen the video to let her know their preferred times if they still want to watch it.

5. **How is Sonoma County to work with?** Tess reported that she has had very good experiences with the Sonoma County Planning department, better than those with Code Enforcement.

5. **We won't get a definitive answer.** It was expressed that we may get an authoritative answer from Sonoma County Counsel but that it will not be a definitive answer. County counsel opinion can be overturned by law, future County decision makers, or be challenged in court.

## **LISTENING:**

### **Congregants who wish to speak to the Board**

Beth opened the floor for questions and comments from the Congregation regarding a temporary postponement of the vote on Freestone. The congregants who spoke included Patrick Cullinane, Don Klose, David Lingenfelter, Jane Lundin, Dave Wemmer  
Comments and questions on the following topics were made:

1. Most speakers expressed the opinion that postponing the vote on Freestone until we receive a response from Sonoma County re authorized uses of Freestone is wise. Another viewpoint was that a letter from county counsel may be of limited value as it would not be enough to protect UUCB from a litigious neighbor.
2. A question about why guidance from the Sonoma County Senior Planner wasn't sought out earlier was earlier. A summary of the different professionals who have been consulted, the thought process that went into contacting these professionals, and the time it took to get responses was provided.
3. Concern about the possibility of UUCB's liability insurance for Freestone being invalidated if our uses of Freestone are not authorized. If the planned 10/23 vote was not postponed, an amendment would be put forward that would require ascertaining assurance that the Freestone liability insurance will be protected and our historical uses of Freestone are allowed, prior to moving forward with the actions outlined in the proposed motion for Freestone.
4. Diverse opinions re the interview with Tina Wallis. Some found it informative and were struck by how definite Attorney Wallis was about UUCB's historic and proposed uses of Freestone being unauthorized. There was also frustration that Attorney Wallis didn't explain the reasoning for her statements and frustration with the structure of the interview that was stipulated by Attorney Wallis, in that questions could only be posed through Rev. Michelle and not directly by congregants – such as for follow up inquiries.

**BOARD DISCUSSION/ACTION:**

On postponement of October 23<sup>rd</sup> Congregational Meeting until Sonoma County Planning Department provides written guidance on allowed uses for Freestone.

Randall made the following motion: That we postpone the 10/23/22 congregational meeting and vote and look to reschedule a congregational meeting and vote within 90 days.

Bill seconded.

All were in favor. There were no objections or abstentions.

**Adjourned 6:09**

Respectfully submitted,

Selene Fabiano, Secretary

**Proposed changes to *Care for Financial Resources* Section of the Board Governance Manual:**

**Issue: Reducing the frequency of new signature cards and maintaining continuity, redundancy, and accessibility. All signatories must be approved by the Board of Trustees.**

**Current Paragraph in Governance Manual Section 6.7:** The Finance Committee is responsible for reviewing established controls, and recommending updates and changes, to ensure the integrity of church finances. This includes designation of authority and responsibility for the preparation and signing of checks, with appropriate separation of duties and oversight, and organizing an ongoing internal review of financial transactions.

**Draft Proposed New Language:**

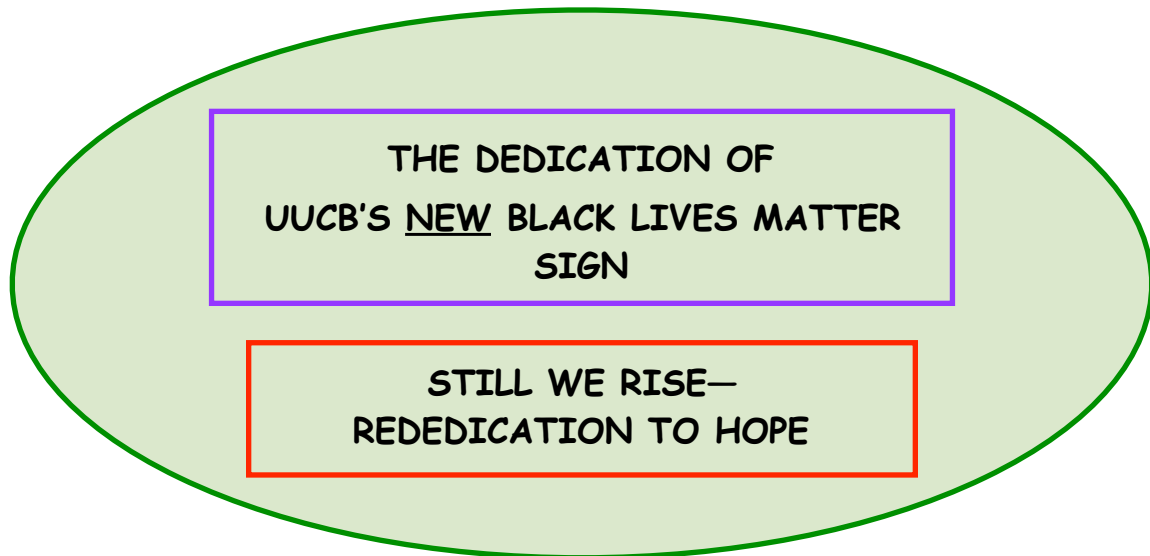
With guidance from the Finance Committee, and to ensure the integrity of church finances, the ED and Treasurer are responsible for:

- Reviewing and revising internal controls
- Ensuring there are sufficient responsible and available signatories on all church financial accounts, which require approval by the Board of Trustees. Allowable signatories generally include the Executive Director, Minister, current and past Treasurers, Assistant Treasurers, and current members of the Board of Trustees
- Designating responsibility for preparing checks
- Organizing and overseeing ongoing internal review of financial transactions

FOR DISTRIBUTION OUTSIDE UUCB

PLEASE JOIN IN THIS COMMUNITY EVENT!  
Sponsored by the Unitarian Universalist Church of Berkeley

**SUNDAY, NOVEMBER 6TH, 12:30 PM**  
@ the corner of the Arlington and Terrace, El Cerrito



In September, the Unitarian Universalist's Black Lives Matter banner, mounted at the corner of the Arlington and Moeser Lane, was cut down and defaced. The EC Police Department logged the incident as a hate crime. When UUCB sent out information about the incident to the online bulletin board, Next Door, the wider community responded with messages of outrage and offers of support.

As part of UUCB's response in the face of this racist act, we have purchased a new banner. On November 6th, we'll hold a special dedication event.

Please do join us! This is a community-wide event.

STILL WE RISE, as we celebrate a REDEDICATION TO HOPE!

Our program includes music, songs and spoken word, hosted by UUCB's Rev. Michelle Collins and Rev. Heaven Walker.

Questions? Please contact [anti.racism@uucb.org](mailto:anti.racism@uucb.org).

# Executive Director Response to Financial Audit FY20-21

Submitted by Tess Snook O'Riva 9/30/22 and reviewed by Randall Hudson 10/25/22

## Summary

After over eight (8) months of work, our staff and contractors have finally submitted sufficient documentation to our auditors, Healy & Associates, for them to issue a draft report. This response highlights my takeaways from the entire process, underscores key findings from my perspective, and reflects the interventions done to date on both findings and recommendations from Healy.

## The Draft Audit Report

There is only one technical finding that Healy included in their report, that of **poor document retention**. Most of the delay in completing the audit can be attributed to poor, missing, or hard-to-find documentation. Although some documents requested were exceeding old (original purchase price, etc.), not having these documents in a retrievable space inhibited our progress greatly. As a result of this finding, the Audit Committee, in consult with the Finance Committee and the ED, will be compiling best practices and implement strategies including:

- Updated comprehensive document storage and retention policies
- Implement file naming convention standards
- Document scanning and filing project of all important and/or historical documents
- Single, online location for a comprehensive library of historical and financial documents
  - o Include past audits and documents used to support them
  - o Include documentation for capital improvements
  - o Real estate purchases and sales
  - o Tax filings

## Recommendations

Over the course of working with Healy, they made many informal recommendations and best practice suggestions, only some of which were mentioned in the report.

- Have all employees sign attestation that they have received a copy of the Employee Handbook (in process)
- Draft a policy clarifying the process for congregant-sponsored special projects (e.g., UUCB pays contractors directly and invoices congregant)
- Improved reporting to ensure accuracy between our two systems with financial data (Breeze & Fund EZ)
- Executive Director to review at least quarterly: Payroll reports, reconciliation reports, and coding accuracy reports
- Investigate options for improved processes for: month-end, quarter-end, & year-end closings

## Key Takeaways/Interpretations

- Rentals and leases are second only to contributions from congregants in the Revenue category. This not only underscores how important rentals are to our financial health, but also reflect how we are diversifying income streams to remove some pressure from Stewardship and address the evolving demographics of a younger, less financially stable congregation.
- The 2018 Financial Pickle has been resolved and UUCB has sufficient cash flow to meet its financial obligations
- The PPP Stimulus loans, and subsequent forgiveness were paramount to lifting UUCB to a place of sustainable financial stability
- UUCB is financially healthy at this time

Other notes from audit/moving forward (unshared)

## Healy advice from meeting with Audit Committee 9/21/22

- Carefully observe cutoff dates, especially credit cards. (cutoff dates now moved to be closer to calendar month)
- Better documented approval process. Utilities based on approved budget (+/- %) okay to pay, all others need a specific process for approval.
- Employees need to sign off on changes to handbook
- Jessica – Do we have sample best practice P&Ps, Suzanne said go to Monte
- Recommended to use bill.com
- ED should approve Payroll Register, even if after the fact. ED should also approve bank and investment reconciliation.
- Person who opens mail needs to log it, esp checks. (Need procedure and implementation plan)
- Create procedure for congregant-funded special projects (UUCB is always Project Manager)
- Investigate uncleared checks regularly and ensure they have been cleared
- If anyone continues to share spreadsheets, lock them down with passwords or share only PDFs
- Payments in system need to be clearly associated with specific projects
- Went back so far because Healy does not just take the previous audit as truth and previous auditor had purged the records
- Expect unrealized gains for 2022
- (Sidebar - Do not use our parking lot for the unhoused, kids there, people not leaving, broken cars, etc. – If you do, cameras, lockdowns, security guards, etc. Risk losing rental income.)
- We can reallocate depreciation as Shared Costs, currently is all in Programs. UUA dues & distributions not in Programs, (page 6 of audit), Facilities might be more G&A. If change one, change all. - Maybe NEXT time says Tess
- Can count up square footage and count how much is programs for Shared Costs if desired
- 85% program/15% admin – best practice
- Do capitalization threshold to avoid new lease calculation rule, Do policy of Lease has to be greater than 12 months and over \$5000 per year to apply to new lease rule (lines up with our current capitalization policy)
- UUA Does not participate in SIPC insurance (FYI)
- Cannot withdraw money from a true endowment that is underwater. Must disclose on audits. (FC – need to ensure policy clarifies that we review the corpus + 10% rule before making withdrawals. Governance Manual Investment policy)
- Reconciling of investment accounts need to happen on a monthly basis.
- Move **money** out of Mechanics because the money is over the FDIC insurance limit (\$250K)
- Better documented approval process for cash disbursements

### Written Audit Document Questions from Patrick *(E.D. reply in purple italic)*

1. On p. 3, under liabilities and net assets, the PPP loan payable is noted although it has been forgiven. Not being an accountant, why does this appear here as a liability? – *It's a loan*
2. On P.8, third paragraph, clarification on faith promises, the note and why not counted in contributions. - *Pledges aren't counted until paid.*
3. On p. 10, Note C, clarification on the institution in question, lack of insurance and risk. -- *We are not covered by SPIC (endowment) or FDIC (over bank limit - Mechanics)*
4. On p.10, Note C, second paragraph, this note is very important to highlight to decision makers. The congregation and the BoT need to be aware of the central importance of rentals to our financial health. Pledges alone will not support the church many want. – *Done. Included in ED cover letter*
5. On p. 12, Note H, any insight on the status of the remaining loan and payment or forgiveness? - *Yes, but not reflected here. Only \$40,000 plus interest owed on congregant loans*
6. On p. 15, as of June 30, 2021, there were no underwater endowment funds. Given the market this year, is that still the case? If not, what does that mean to drawing from those funds? - *Yes, their value has decreased dramatically. Withdrawing now solidifies the losses. None currently underwater.*
7. On p. 17, is the amount of assets noted available to meet cash needs a reasonable amount for the budget of an organization like UUCB? - *Yes, per Healy (she counts the endowment as "reachable" though)*
8. On p. 1 of the draft report cover letter and the comment of concern about document retention and storage issues, what actions have been taken to address this concern? - *See ED cover letter*



## **Cope Fund for Ministerial Housing**

### **Issues for the Board for current ministerial search:**

**1) *Authorize use of the Cope Fund to partially subsidize minister housing rather than limit it to down payment/loan on home purchase?***

**2) *What parameters, if any, at this juncture on housing subsidy and/or home purchase requirements?***

### **Background:**

The purpose of the Cope Fund is to “acquire an equity interest in housing that will reflect changes in values so as to establish a revolving fund that will help meet the housing needs of its future ministers.” [from the preamble to the resolution that established the fund]. From \$90,000 in 1991, the fund has grown to just over \$400,000 today.

The first use of the fund in 1997 was an equity interest to augment Revs. Hamilton-Holway’s down payment to buy and repair/improve a home in Berkeley. When they left UUCB in 2014 and sold the property, the gain in value was distributed according to the relative investment of the ministers and the church, less closing costs.

In 2016, the Cope Fund served as a second mortgage, with interest, for the Revs. Schmidts to purchase and make repairs/improvements on a home in Pinole, without a down payment. Interest on the second mortgage from the Cope Fund loan was paid out of sale proceeds in 2020. This differed from the Hamilton-Holway’s equity share agreement because in this former home purchase, both parties had invested capital in the purchase and improvements. In the latter agreement, it was a loan with “contingent interest” to be paid at time of sale.

### **Discussion:**

There have been changes in the real estate market and ministry, experience with its use for two loans, and greater awareness of discrimination and disparity in access to wealth and home equity since the inception of the Cope Fund. These factors have led to revisiting how to utilize it for a new UUCB minister to afford to move to the Bay Area next year, as well as considering value for future ministers.

A task force convened this summer to discuss how to best frame the use of the Cope Fund for the next minister. It included Dave Roberts, Linda Laskowski, Jane Lundin, and Beth Pollard, as well as Rev. Michelle and Rev Aija Simpson attending/advising with relevant perspectives about ministerial housing interests. Lenore Ralston was brought in for the closing discussion.

### **Housing subsidy option:**

It is the unanimous recommendation from the task force to allow the Cope Fund to be utilized to subsidize housing rent or mortgage payments, rather than limit it to purchase of a house, with these observations:

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- Rental housing has gained in popularity for persons who are not interested or who are not in a position to take on the time, financial, and longer-term commitments of purchasing a home. For example:
  - Acquiring a lease is less time intensive for new ministers during their job change, move and initial tenure - which is already packed with significant time demands in getting to know a new church community.
  - Many minister candidates do not have capital to invest in a purchase; and even if the church waived a down payment requirement, not all home ownership expenses are anticipated or attractive. Offering a rent subsidy, or a subsidy on a mortgage payment, can expand not only the pool of ministerial candidates, it reflects UU social equity values by providing flexible and accessible support.
  - In moving to the area, leasing a place to live is less risky and provides more flexibility for the new minister. They can relocate elsewhere in the area after a short period of time – once they've better learned the area, as well as understanding their feeling about their tenure at UUCB.
  
- In addition to the above factors/benefits, UUCB advantages for housing subsidy also includes:
  - Eliminates UUCB capital investment risk in real estate if real estate values decline.
  - Reduces the complexity, church intrusion into private minister matters, and potential for impacting minister-church relations in loan acquisition, improvements, and fiscal impact from property sale.
  - Communicates to candidates that we are aware of the challenges of Bay Area housing prices and are willing to stretch ourselves to be on a level playing field with housing markets in other ministerial searches
  
- The disadvantages include:
  - Cope Fund balance/growth will most likely diminish relative to real estate values. While there are periodic market downturns, real estate trends have been towards rising values. Using proceeds and/or principal diminishes opportunity for real estate-related growth, although the fund would be invested in other instruments.
  - The original understanding was that the Cope Fund was for an equity interest in UUCB's ministers' housing purchase. There is no deed restriction per se on the transaction; it was more that it was the donor's expectation and the congregation's acceptance.
  
- To address disadvantages, the task force offers these ideas:
  1. Limit the housing subsidy to a set amount, and one that is in line with the 4% disbursement used for Endowment Funds (although as a set amount); in the case of the Cope Fund, a 4% payout would be close to \$16,000/year, a 5% payout would be closed to \$20,000. As an income-tax free housing subsidy, its value would be higher to the minister.

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2. Initiate a program to encourage congregant bequests of homes in their estate planning.

There is already some preliminary interest. Such home(s) could be used as a parsonage or leased on the market and the rent payments used to support ministerial housing. This approach also helps the church to keep pace with real estate values.

3. Explain to the congregation the changes in ministerial housing interests, needs, and social equity concerns that warrant a new approach to use of the Cope Fund to help attract our best possible ministerial candidate.

**Minister Home Purchase:**

Most task members favor continuing to allow the fund to be used as an equity investment or second mortgage. The advantages are:

1. Some ministerial candidates may intend on selling their existing home and want to re-invest in home purchase for tax and/or investment purposes, or simply want to own a home.
2. It likely means the fund will grow with an anticipated rise in real estate values.

Its disadvantages aired in the task force are the opposite of the advantages of rental subsidy (investment risk, complications, privacy intrusions and relationship issues).

To address disadvantages, some ideas that emerged from task force discussions were:

A. Require a certain level of down payment and/or tenure to access the Cope Fund for home purchase. For example, a down payment that is - at the minimum - within the range of FHA requirements for first-time home owners of 3.5+% of purchase price, if accessing the fund for home purchase upon arrival at UUCB. The advantage of at least some down payment is that the minister and the church share some level of risk – especially in light of a potential downturn.

B. Consider allowing a lower down payment percentage for home purchase after a set period of tenure with UUCB – such as two years. Our minister advisors offered that after two years, the solidity of the ministerial-church relationship and tenure is relatively apparent. And a longer-term loan has the advantage of lower closing costs as a percentage of sale proceeds. Additionally, providing an avenue for a minister without privileged wealth or other capital to purchase a home is reflective of UU social equity values.

Alternate perspectives in the task force include freeing the church and minister from mutual risk and complexity by providing housing subsidy only, and not being overly concerned about risk given the historical performance of the real estate market and desire to attract the best.

**Conclusion**

The issue now before the Board is what to indicate and plan for at the onset of ministerial recruitment about the Cope Fund; parameters not yet set would be subject to negotiation when the final candidate is selected, or another point chosen by the Board.

1) Housing subsidy:

- Indicate that it is an option?

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- Congregational support, given historical intentions
- If offer, set an amount now? If so, what is that amount?

2) Home purchase:

- Continue to offer?
- If so, any parameters now on:
  - Down payment
  - Length of tenure to acquire
  - Any other?

3) Congregant home bequests:

- Authorize up to \$5,000 from Cope Fund for legal advice about members' bequests of their homes for longer-range ministerial housing? This would be with the involvement of the Endowment Committee.